

**MINUTES  
of the  
THIRD MEETING  
of the  
TOBACCO SETTLEMENT REVENUE OVERSIGHT COMMITTEE**

**November 10, 2005  
Rotunda Room, 801 University Blvd. SE  
Albuquerque**

The third meeting of the Tobacco Settlement Revenue Oversight Committee (TSROC) was called to order on November 10, 2005 at 10:25 a.m. in the Rotunda Room at 801 University Blvd SE, Albuquerque, by Representative Gail Chasey, co-chair.

**Present**

Rep. Gail Chasey, Co-chair  
Sen. Mary Jane M. Garcia, Co-chair  
Rep. Danice Picraux  
Rep. Gloria C. Vaughn

**Absent**

Sen. John T.L. Grubescic  
Sen. John C. Ryan

**Advisory Members**

Rep. Ray Begaye  
Sen. Joseph J. Carraro

Sen. Rod Adair  
Sen. Dede Feldman  
Sen. Linda M. Lopez  
Sen. James G. Taylor  
Rep. Luciano "Lucky" Varela  
Rep. Teresa A. Zanetti

**Staff**

Ramona Schmidt  
Jeremy LaFaver

**Guests**

The guest list is in the meeting file.

**Thursday, November 10**

A motion was made to approve the minutes from the September 23, 2005 meeting. The motion was seconded and the minutes were adopted.

Representative Chasey welcomed all to the TSROC meeting and asked the

members of the committee to introduce themselves.

The University of New Mexico (UNM) Health Sciences Center overview was presented by Dr. John Pieper, deputy vice president, UNM Health Sciences Center. Dr. Pieper reviewed the special programs funded or partially funded by money from the Tobacco Settlement Fund. The Area Health Education Center, established in 1985, strives to increase the number of health care professionals practicing in rural and underserved areas of the state and provides training opportunities and health career awareness programs in these communities. The Los Pasos program provides comprehensive health services to families and to children from birth to three years old who have been exposed in-utero to alcohol and other drugs. Program goals include the prevention of negative consequences of parental use of alcohol, tobacco and other drugs on children and training support and technical assistance to agencies in northern New Mexico. Discussion occurred as to federal funding putting some of the programs at risk due to decreasing funds.

Dr. Pieper stated that the pediatric oncology program, established in 1965, is the major provider of care for children with cancer in New Mexico. The mission of the program is to be a center of excellence for diagnosis and care of children with cancer and to advance the knowledge and understanding of these diseases through research and education. The New Mexico Poison and Drug Information Center provides services through phone consultations, public education and definitive treatment information to health professionals. The Center for Telehealth, established in 1995, improves the health of rural New Mexicans by using advanced technology to extend the resources of the UNM Health Sciences Center to remote areas of the state. Dr. Pieper noted that funding for specialty education in pediatrics provides staffing to allow faculty to meet the demands of patient care, while continuing to train New Mexico's next generation of pediatricians and conduct vital research. The specialty education in trauma program provides staffing to allow faculty to meet the demands of patient care, while continuing to train New Mexico's next generation of trauma/emergency physicians and conduct vital research. He noted the trauma program is viewed regionally as one of the premier programs.

Dr. Richard Larson, senior associate dean for research, reviewed the allocations for the areas of genomics, biocomputing, epidemiology, clinical research and trials and enhanced tobacco-related research. Dr. Larson stated that the genomics core facilities are shared "high-tech" facilities that provide biomedical scientists from UNM and collaborating institutions access to sophisticated new human genome technologies to determine the causes and develop better therapies for diseases such as cancer, asthma, diabetes, infectious diseases and neurological disorders. He noted the Office of Biocomputing offers computational support for genomics, proteomics, cheminformatics and structural analysis of compounds essential to the development of new drugs and therapies. The third area of research funds, epidemiology, has activities dedicated to

expanding research that will benefit the unique population of New Mexico. Funding is also used to support infrastructure in the clinical/research trials area. Clinical trials allow researchers to study the safety and efficacy of new medications for the treatment of chronic disease related to tobacco-sensitive organs including the heart, lungs, brain and kidneys. Tobacco-related research programs address such issues as relationships between tobacco exposure and autoimmunity, asthma and other diseases afflicting New Mexicans.

Committee members raised issues that included the applicability of the programs to Native Americans and the ethnicity proportions required in clinical trials. Dr. Larson reviewed the external measures of success, including publications and federal and externally sponsored grants, the internal evaluation of relevance and utilization, the relevance to goals of tobacco settlement funds, the impact factor, the size and growth of user base, the relevance to UNM/SOM signature programs, tobacco-related illnesses, highlights of support activities and a summary of the tobacco fund support. Vanessa Hawker reviewed evaluation of the varying programs for the accountability for the use of state funds. The role of Native Americans in the UNM Health Sciences Center programs, the worth of workshops and conferences offered to Native Americans, the collaboration between Indian Health Services and UNM, staff turnover and the basis for Tobacco Settlement Revenue funding to UNM as compared to more diverse use of the funds throughout the state was discussed. Representative Chasey reminded the committee that the enabling bill limits the use of the Tobacco Settlement Fund for tobacco- and health-related issues.

Dr. Rubin from the Lovelace Respiratory Research Institute (LRRI) gave a presentation to the committee. Dr. Rubin stated LRRI is an independent, private research institute serving humanity through research on the prevention, treatment and cure of respiratory diseases. He noted LRRI is the only private basic-science, biomedical research organization totally dedicated to the study of respiratory diseases. Dr. Rubin reviewed the original expectation for the use of state funding, which was to appropriate funds that leverage research dollars with potential for economic development such as cures for people with or at risk for lung disease, new technology that can be commercialized, creation of technology jobs in New Mexico and leveraging state money to obtain new federal and private funding. He stated the goal is to develop a test that can identify people who are at greatest risk for lung cancer. He noted these people would receive further clinical evaluation to determine if they have early-stage lung cancer. The progress to date and the future for lung cancer research in New Mexico was discussed. Dr. Rubin stated LRRI also studies COPD, which is a disease that includes emphysema and chronic bronchitis. Ongoing research includes collecting DNA from New Mexico smokers who do and do not have COPD, determining the polymorphisms that are associated with this disease and development of an inexpensive commercial test for these genes.

Dr. Rubin stated that LRRI is asking for the same funding as in the past, which

comes through UNM. It was clarified that LRRI receives funding of \$1,000,000 from the state, which is recurring. Discussion occurred as to why women may be more susceptible to lung cancer than men, the requirements and timelines involved to receive FDA approval and the connection between COPD and chronic bronchitis. Dr. Rubin clarified that Dr. Tesfaigzi had discovered the genetic marker for emphysema.

Melissa Vigil, Department of Finance and Administration, presented the tobacco settlement revenue update. She stated payments are to be made in perpetuity; however, the annual payments are subject to adjustments, the investments are very hard to forecast and the volume adjustment reduces revenue. Ms. Vigil reviewed the terms of the agreement and how it affects the total payments through adjustments. The balances in the Tobacco Settlement Permanent Fund totaled \$77,300,000 at the end of fiscal year 2005. She noted the fund has not received a contribution since the settlement proceeds were diverted to the general fund in fiscal year 2003 but the permanent fund continues to earn interest. A schedule of Master Settlement Agreement (MSA) payments to New Mexico beginning in 1992 and expected to be received through 2025 was reviewed. Discussion occurred as to the need for due diligence to protect future funding based on the terms of the MSA. Due diligence will need to be shown as quid pro quo. Ms. Vigil will present at the December 6 meeting of the Legislative Finance Committee (LFC) to review the concern with possible loss of funding of the annual settlement payment if due diligence is not met on the part of the state.

Larry Elmore, program manager, TUPAC program, Department of Health (DOH), and Kacee Collard, analyst, LFC, presented key outcome indicators for evaluating comprehensive tobacco control programs. The performance measures currently used and recommended include tobacco use by adults, tobacco use by adolescents and per capita consumption of tobacco products. Mr. Elmore stated credit card companies have recently agreed not to participate in the purchase of tobacco products over the Internet, and Federal Express has decided not to deliver tobacco products purchased over the Internet. A logic model was reviewed that addresses inputs, activities, outputs and outcomes in preventing initiation of tobacco use among young people. The tobacco use by adults, tobacco use by adolescents and per capita consumption of tobacco products data were shared with committee members. Quitline budget projects were shared. Mr. Elmore noted the estimate for resuming previous levels of service and promotion would be an additional \$86,000 (for a total of \$436,000) and offering nicotine replacement therapy would require an additional \$604,000 (for a total of \$954,000). Mr. Elmore noted the projections are variable and change dependent on varying factors.

Discussion ensued on the impact that prevention programs have in reducing smoking and the increase that occurs when the prevention programs are decreased. Ms. Collard noted the DOH has gathered much data and statistics which will be added into the budget recommendations from the LFC and the executive. Discussion occurred regarding nicotine replacement therapy, the quitline and a request for more direct statistical data

such as the number of youths that smoke and the reduction in smoking after the program implementation. Representative Chasey asked Ms. Collard to sit with David Abbey and Representative Varela, who had addressed initial concern, to review the performance measures gathered.

Dale Tinker spoke during public comment to inform the committee of the program contract with pharmacists in New Mexico to provide smoking cessation through pharmacies throughout the state. There are 40 pharmacists currently trained in smoking cessation. The program focuses on the pharmacies that commit to the smoking cessation program and do patient outreach in their communities. The program is unique as pharmacists in New Mexico can write prescriptions for FDA-approved products. The program is based on a grant of \$100,000, and with more funding it could expand to other pharmacies.

Nathan Bush, government relations director, American Cancer Society, gave public comment on the current diversion of the Tobacco Settlement Permanent Fund money into the general fund. He stated it is the position of the American Cancer Society and its partners that the Tobacco Settlement Permanent Fund should resume with the investment of MSA money as soon as possible. He noted that the sooner the Tobacco Settlement Permanent Fund is once again allowed to receive MSA distributions, the sooner that the fund will be self-sustaining, therefore making it unnecessary for each of the funded programs to be forever dependent upon annual general fund appropriations.

Cynthia Serna, New Mexicans Concerned about Tobacco, stated that the Centers for Disease Control and Prevention (CDC) provides each state with a population-dependent estimate of what that state should be spending minimally on tobacco control in order to provide for a fully funded tobacco use and prevention and cessation program. She noted that in New Mexico, the estimate from the CDC is nearly \$14,000,000. New Mexicans Concerned About Tobacco and its partners would like to thank the TSROC for its past interest in nudging the state closer to that \$14,000,000 objective and asked for a continued incremental increase for fiscal year 2007 to \$8,000,000 if possible.

Julia Valdez, director of government affairs for the American Heart Association, stated that each of the 50 states received an additional payment from the MSA in October 2005. Because of this recent development, in New Mexico the general fund is now in receipt of an additional \$426,990.95. Ms. Valdez, on behalf of the American Heart Association and its partners, respectfully suggested that this additional money be tapped as a supplemental funding request to support the DOH quitline services for the remainder of fiscal year 2006. She noted that at the September TSROC meeting, DOH reported that the demand for the quitline services has quickly outpaced the federal funding that supports the quitline program.

Committee members agreed without objection to revise the funding levels for the

same programs in fiscal year 2006 to include:

- a nonrecurring line item for fiscal year 2006 of \$426,990.95 earmarked for the DOH for the quitline and nicotine replacement programs;
- a recurring line item for fiscal year 2007 of \$500,000 earmarked for the Indian Affairs Department to be used for tobacco cessation and prevention programs that impact Native American communities throughout the state of New Mexico and with program evaluation to mirror that developed and implemented by DOH for the TUPAC programs; and
- increase the amount of funding recommended for DOH for the tobacco cessation and prevention programs for fiscal year 2007 to total \$8,690,000.

The budget request will be presented to the LFC by Senator Garcia and Representative Picraux, along with Ramona Schmidt, TSROC staff, and Melissa Vigil, DFA, at the December 6 LFC meeting.

A motion was made to send a letter to the LFC from the committee in support of the letter from David Abbey to DOH to clarify the fiscal agent on the SmartMoves program. The motion was seconded and unanimously adopted.

A motion was made to endorse the recommendation to protect the Tobacco Settlement Permanent Fund as made by Mr. Bush. The motion was seconded and unanimously adopted.

Having no further business, the committee adjourned at 3:30 p.m. after a motion duly made, seconded and unanimously adopted.

Material distributed at the meeting is in the meeting file in the Legislative Council Service Library.